



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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Third District

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Fifth District

January 30, 2013

To: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

## SACRAMENTO UPDATE

### Executive Summary

This memorandum provides an update on the following:

- A report on the First Extraordinary Session on Health Care Reform and an overview of recently introduced legislation.
- A report on proposed constitutional amendments that would lower the voter thresholds required for cities, counties and special districts to approve special taxes for specific purposes.

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### Special Session on Health Care Reform

On January 28, 2013, the Senate and Assembly convened in the First Extraordinary Session on Health Care Reform. As previously reported, on January 24, 2013, Governor Brown issued a proclamation calling the Legislature into a Special Session to consider legislation to enact the Federal Affordable Care Act (ACA) and instructed the Legislature to consider the following issues: 1) rules governing health care coverage for the individual and small group markets; 2) changes to the Medi-Cal Program necessary to implement Federal law; and 3) options to provide low-cost health coverage for

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individuals with incomes up to 200 percent of the Federal Poverty Level through the California Health Benefits Exchange.

As described below, the Senate and Assembly introduced four measures in the Special Session. These bills do not include the Governor's proposals for a State or County option to administer the Medi-Cal Program.

**ABX1 1 (Perez) and SBX1 1 (Hernandez and Steinberg)**, as introduced on January 28, 2013, ABX1 1 and SBX1 1, are identical measures which cite legislative intent to expand Medi-Cal eligibility to persons with incomes up to 133 percent of the Federal Poverty Level. The bills also would make various changes related to Medi-Cal Program eligibility to conform to provisions of the ACA.

Major provisions of the two bills include the following:

- Provide a process for the seamless transition of persons enrolled in the Low Income Health Program to the Medi-Cal Program effective January 1, 2014, with no loss of health care coverage.
- Provide pregnancy-related and post-partum services for a 60-day period beginning on the last day of pregnancy and continuing until the end of the month in which the 60<sup>th</sup> day occurs.
- Extend Medi-Cal to former foster youth up to 26 years of age and deems eligible current foster youth who are age 18 to age 26.
- Establish new income and asset rules including use of the Modified Adjusted Gross Income for the purpose of determining Medi-Cal eligibility.
- Eliminate the semi-annual Medi-Cal status report.
- Require the State to seek a Federal waiver to provide benefits, services, and coverage included in the State-approved essential health benefits plan as scheduled Medi-Cal services. As enacted in **County-supported AB 1453** (Chapter 854, Statutes of 2012) and SB 951 (Chapter 866, Statutes of 2012), which established California's essential health benefits benchmark plan, these services include: 1) ambulatory patient care; 2) emergency services; 3) hospitalization; 4) maternity and newborn care; 5) mental health and substance use disorders; 6) prescription drugs; 7) rehabilitative and habilitative services; 8) laboratory services; 9) preventive and wellness services and chronic disease management; and 10) pediatric services.

**ABX1 2 (Pan) and SBX1 2 (Hernandez)**, as introduced on January 28, 2013, are identical measures which contain provisions regarding health care coverage under the ACA for the individual and small group markets, which generally includes persons who currently purchase individual health coverage and employer groups with 2 to 50 workers.

Major provisions of these bills include:

- Prohibit health care plans from imposing exclusions to health care coverage for individuals with preexisting conditions.
- Require guaranteed issuance of health insurance in the individual market, unless the ACA requirement on guaranteed insurance is repealed.
- Prohibit a health plan from conditioning the issuance of benefits on certain factors, including health status, medical history, mental illness, disability or genetic information.

This office is working with the Departments of Health Services, Public Social Services, Public Health and Mental Health to analyze these measures and determine the potential impact to the County. None of these measures have been scheduled for a committee hearing.

### **Proposed Constitutional Amendments to Lower Voter Thresholds for Tax Measures**

A number of proposed constitutional amendments have been introduced by the Legislature over the past couple of weeks that would amend provisions of the Constitution related to the voter thresholds for cities, counties and special districts to impose, extend or increase taxes and incur bonded indebtedness for specified purposes.

The Constitution currently allows cities, counties or special districts to impose a special tax only upon approval of two-thirds of the voters within that jurisdiction. In addition, the Constitution prohibits certain local government agencies from incurring any indebtedness exceeding the income and revenue provided in a given year without approval from two-thirds of the voters of that jurisdiction.

The recently introduced constitutional amendments would lower the two-thirds voter-approval threshold to 55 percent required for cities, counties or special districts to impose, extend or increase taxes for specific purposes such as fire and public safety,

public libraries and economic development purposes. In addition, a number of the proposed amendments would similarly lower the two-thirds voter-approval threshold to 55 percent for cities and counties to incur bonded indebtedness in the form of general obligation bonds for specified purposes.

The proposed constitutional amendments require a two-thirds vote of the Legislature to place on the ballot of the next statewide primary or general election, and would require majority voter approval to become effective.

The proposed constitutional amendments of County interest include:

- **ACA 3 (Campos) - Public Safety**, which, as introduced on January 22, 2013, would lower the voter threshold to 55 percent for cities, counties or special districts to impose, extend or increase a special tax to fund fire, emergency response, police or sheriff services and to incur bonded indebtedness to fund fire, emergency response, police or sheriff buildings or facilities, and equipment. ACA 3 is in the Assembly pending referral to committee.
- **SCA 7 (Wolk) - Public Libraries**, which, as introduced on December 3, 2012, would lower the voter threshold to 55 percent for cities, counties or special districts to impose, extend, or increase a special tax to fund public libraries and to incur bonded indebtedness to fund the construction, rehabilitation, furnishing, equipping, and/or lease of real property for public library facilities. SCA 7 is in the Senate pending referral to committee.
- **SCA 9 (Corbett) - Economic Development**, which, as introduced on December 18, 2012, would lower the voter threshold to 55 percent for cities, counties or special districts to impose, extend or increase a special tax for community and economic development projects. The bill defines community and economic development projects as projects that improve, upgrade, or revitalize areas within the local government's jurisdiction that have become blighted because of deterioration, disuse, or unproductive economic conditions. SCA 9 is in the Senate pending referral to committee.
- **SCA 11 (Hancock) - Local Government**, which, as introduced on January 25, 2013, would lower the voter threshold to 55 percent for cities, counties or special districts to impose, extend or increase a special tax for any purpose. SCA 11 is in the Senate pending referral to committee.

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In addition, two identical constitutional amendments have been introduced related to transportation projects.

- **SCA 4 (Liu,)** introduced on December 3, 2012, and **SCA 8 (Corbett)**, introduced on December 14, 2012, would lower the voter threshold to 55% for cities, counties or special districts to impose, extend or increase a special tax to fund local transportation projects. Both measures are in currently in the Senate pending referral.

We will continue to keep you advised.

WTF:RA  
MR:VE:KA:ma

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants